

Message Text

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ORIGIN ARA-20

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TO AMEMBASSY LIMA IMMEDIATE

C O N F I D E N T I A L STATE 195443

E.O. 11652: GDS
TAGS: ETRAN, PE
SUBJECT: CIVAIR: BILATERAL CONSULTATIONS
REF: A. LIMA 7276 B. LIMA 7358

1. BRANIFF LAWYER HILL AND SENIOR VICE PRESIDENT SOUTH CALLED ON DEPUTY ASSISTANT SECRETARY SHLAUDEMAN SEPT 5 TO DISCUSS LATEST DEVELOPMENTS IN PERU AND SEEK PROMPT USG ASSISTANCE IN HEADING OFF ADDITIONAL GOP RESTRICTIVE MEASURES. (MEMCON BEING POUCHED.) BRANIFF VERY MUCH CONCERNED THAT SEPT 25 PUBLIC HEARING REPORTED REF B MAY BE IMMEDIATELY FOLLOWED BY GOP ISSUANCE NEW OPERATING PERMIT TO BRANIFF WHICH WILL BOTH IMPOSE 20 PERCENT FIFTH FREEDOM TAX AND REDUCE EXISTING FREQUENCIES. ACCORDING BRANIFF, GOP HAS TAKEN SIMILAR ACTION AGAINST CANADIAN PACIFIC AND KLM.

2. DEPT SHARES BRANIFF'S CONCERN THAT SUCH ACTION, IN ADDITION TO ITS IMMEDIATE IMPACT, WOULD TEND TO FREEZE GOP
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POSITION PRIOR TO FORTHCOMING CONSULTATIONS AND MAKE

LATTER EVEN MORE DIFFICULT. WE BELIEVE IT IMPORTANT THAT WE MAKE EFFORT AT HIGHEST LEVEL TO OBTAIN GOP AGREEMENT NOT TO TAKE ANY FURTHER MEASURES WHICH WOULD ADVERSELY AFFECT BRANIFF'S PERUVIAN SERVICES PENDING OUTCOME OF BILATERAL CONSULTATIONS. WE NOTE THAT REF A SUGGESTS OCTOBER OR EARLY NOVEMBER FOR CONSULTATIONS. EARLY NOVEMBER WOULD BE SATISFACTORY TO US IF GOP PREPARED

PROVIDE "STANDSTILL ASSURANCES" IN INTERIM. IF GOP WILL NOT GIVE SUCH ASSURANCES, HOWEVER, WE WOULD WISH UNDERTAKE CONSULTATIONS ASAP (WEEK OF SEPT 15 OR AFTER) IF EMBASSY CONCURS THAT THIS OFFERS BEST CHANCE OF AVOIDING IMPOSITION FURTHER RESTRICTIONS PER PARA 1 ABOVE.

3. WE BELIEVE TIME HAS COME FOR YOU TO RAISE THIS PROBLEM DIRECTLY WITH PRESIDENT VELASCO, ESPECIALLY SINCE HE HAS OBVIOUSLY TAKEN PERSONAL INTEREST IN AEROPERU AND APPARENTLY SUPPORTS LATTER'S EFFORTS FOR RAPID AEROPERU TAKEOVER OF SUBSTANTIAL SHARE OF TRAFFIC. BELIEVE YOU SHOULD REFER TO USG'S EXPEDITED ISSUANCE IN JULY OF AIR CARRIER PERMIT TO AEROPERU WITHOUT (IN RESPONSE GOP REQUEST) CONDITIONS, POINT OUT THAT WE HAVE ASKED FOR CIVIL AIR CONSULTATIONS WITH GOP UNDER OUR BILATERAL AIR TRANSPORT SERVICES AGREEMENT, EMPHASIZE THAT CONSULTATIONS WILL COVER MATTERS OF IMPORTANT NATIONAL INTEREST TO BOTH U.S. AND PERU, AND REQUEST THAT GOP TAKE NO MEASURES WHICH WOULD ADVERSELY AFFECT BRANIFF'S EXISTING PERUVIAN SERVICES PENDING OUTCOME OF SUCH CONSULTATIONS. DEPENDY ON PRESIDENT'S REACTION AND YOUR JUDGMENT, YOU MAY PROPOSE CONSULTATIONS FOR EARLY NOVEMBER WITH 'STANDSTILL AGREEMENT' OR FOR MID-SEPTEMBER IF GOP REJECTS STANDSTILL REQUEST. KISSINGER

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